

Grain and Related Prices					Oilseeds & Other Prices				
Commodity	Month	This week	Last week	Year ago	Commodity	Month	This week	Last week	18-Mar-16 Year ago
SRW Wheat	May	170.12	174.81	194.74	Soybeans	May	330.60	329.13	357.79
HRW Wheat	May	172.51	177.47	209.26	Soya Meal	May	241.85	248.11	293.92
HRS Wheat	May	187.03	189.32	216.61	Soya Oil	May	736.81	708.37	676.40
CWRS Wheat	Spot	230.70	231.20	223.51	Canola	May	465.80	463.40	460.90
CPS Wheat	Spot	208.50	207.91	196.91	Crude Oil(WTI)	May	41.31	40.09	46.51
Corn	May	144.87	143.69	151.57	Dollar Index	Jun	95.13	96.23	98.09
Ethanol	May	38.28	38.23	39.52	DJIA Mini-sized	Jun	17,509	17,091	18,095
Oats	May	121.90	124.17	180.91	Canola	Nov	476.90	467.50	444.90
For price specs. go to: <a href="http://www.open-i.ca/PriceSpec.htm">www.open-i.ca/PriceSpec.htm</a>					Wheat	Dec	181.52	185.58	204.30
Data in red are 12-month highs, in blue are 12-month lows					Corn	Dec	151.76	150.681	161.11

**COMMENT:** Lower US grain prices this week are considered as disappointing in view of the weakness of the US dollar. Conversely the relative strength of canola prices with a rising Canadian dollar are encouraging. Favourable weather for US winter wheat crop development and lacklustre demand weighed on wheat values. Algeria reportedly purchased 150,000 tonnes of Canadian durum. Drier weather for seeding in the southern Corn Belt weighed on corn values as it was seen as favouring the planting of corn rather than soybeans, the price of which seem to have benefitted more than the grains from the lower US dollar.

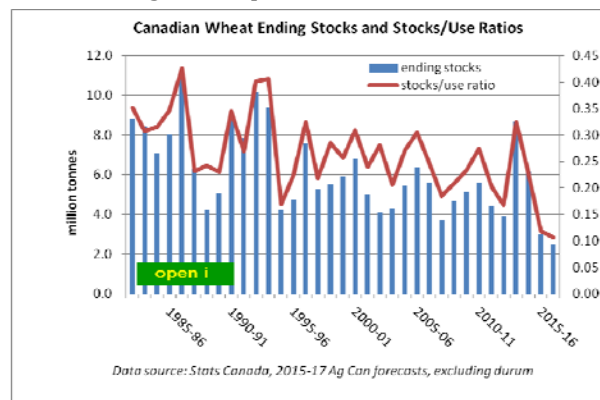
**NEWS:** This month's revisions by Ag Canada to its supply and demand forecasts are of no great significance and generally reflect adjustments to export movements rather than any of Stats Can Principal Field Crops survey reports. In aggregate on the supply side the only revision for 2015-16 was a minor increase in imports. On the use side exports were raised by 270kt reflecting the continuing favourable export movement of crops. This was partially offset by a downward revision in domestic use but ending stocks were revised lower for a third successive month. Ending stocks at 11.5M tonnes are forecast to be the lowest since 2013. Changes to 2016-17 forecasts were limited mainly to adjustments resulting from reduced carry-over stocks from 2015-16.

This year's durum export forecast was raised by 100kt and ending stocks lowered by the same amount. Next year's wheat harvest was cut by 300,00 tonnes resulting in a forecast for the lowest stock level in 60 years. For barley, adjustments in trade expectations are expected to result in a slight reduction in ending stocks this year and next. Corn exports are expected to increase by 150,000 tonnes this year resulting in a cut in ending stocks but this is forecast to be offset next year by a similar reduction in domestic feed use. The only adjustment for canola was a 100,000 tonne cut in forecast domestic

crush this year which is seen as resulting in a 100,000 tonne increase in ending stocks this year and next.

**OPINION:** Worthy of comment is the low level of Canadian crop stocks, actual and forecast, at a time when markets internationally are burdened with surpluses. The fall in the value of the Canadian dollar has generally helped move crops in international markets. But beyond this has been the ability of the industry to produce crops demanded by the market place – canola oil and pulses being the most obvious cases in point. This has helped in two ways. Exporting into expanding markets has obvious advantages over the converse. Also the diversion of land to these crops has reduced pressure on other crop markets.

This is particularly the case for wheat where ending stocks might even be considered undesirably low. Not only are stocks expected to be at historically low levels for two successive years but stocks use ratios have also fallen. A stocks use ratio of 0.1, as currently forecast, suggests supplies at the July 31 end of the crop year - to meet market needs prior to post harvest supplies, are equivalent to not much more than a month's usage of the previous 12 month's rate.



David Walker, Edmonton, AB, CA

